

CENTRAL INTELLIGENCE AGENCY 25X1

INFORMATION REPORT

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THIS IS UNEVALUATED INFORMATION

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1. EXIMPO has been reorganized under the name IWWCO with (fmu) Zempe as director. The operations of IWWCO are under the general direction of the Central Committee of the SED, which relays orders of the SCC, Karshorst, pertinent to the operation. West German currency gained by this operation goes mainly to the SCC. The East German government is given only a small percentage.
2. Coffee smugglers now cross the inter-sector boundary mainly via the S-Bahn; East Berlin police and customs officials control automobile traffic too closely for the smugglers but do not control S-Bahn passengers. Smugglers are taken by automobile from East Berlin warehouses by the most direct route to the nearest S-Bahn station. During this ride the coffee is placed into carrying vests (Tragwesten), if this has not been accomplished at the warehouse. East German police and customs officials are still required to arrest the smugglers. East German customs officials levy heavy fines, up to 20,000 DM for attempts at smuggling coffee and cigarettes into West Berlin, but impose only light fines, up to 50 DM, for storing untaxed coffee in West Berlin. This is contrary to the wishes of the IWWCO, which wants smugglers to be discouraged from storing coffee in West Berlin but wants them to take the goods directly to West Berlin.
3. Smugglers buy 10,000 American cigarettes (50 cartons) for 625 DM at the warehouse and sell them for 645 DM to West Berlin wholesalers. Smugglers buy 30 kilograms of raw coffee for 550 DM and sell it for 560 DM to West Berlin wholesalers.

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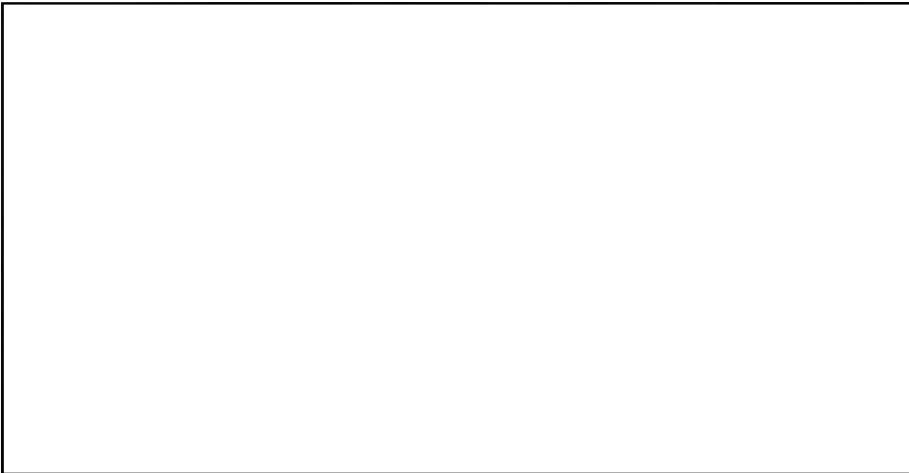
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5. Smugglers may be arrested and fined in East Berlin or East Germany for the following offenses:
 - a. possession of untaxed coffee to be used for smuggling
 - b. storing of untaxed coffee and cigarettes to be used for smuggling
 - c. deviating from the shortest route between warehouse and West Berlin
 - d. possession of DME to be used for paying for products to be smuggled
 - e. selling untaxed coffee in East Berlin and East Germany (Zempke has admitted that between one-third and one-half of the products are sold in East Berlin and East Germany)
6. East German police and customs officials confiscated untaxed goods to be smuggled to West Berlin valued at 64,000 DME in January 1953 and 53,000 DME during February 1953. This represents less than five percent of the total value of goods smuggled into West Berlin.

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